

Schedule No.:
Issues: System Support Agreement
Witness: Maureen A. Borkowski
Type of Exhibit: Supplemental Direct Testimony
Sponsoring Party: Union Electric Co.
Case No.: EM-96-149

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EM-96-149

SUPPLEMENTAL DIRECT TESTIMONY

OF

MAUREEN A. BORKOWSKI

FILED
JUN 19 1996
MISSOURI
PUBLIC SERVICE COMMISSION

St. Louis, Missouri
May 10, 1996

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MISSOURI PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

In the matter of the Application)
of Union Electric Company for an)
order authorizing: (1) certain)
merger transactions involving)
Union Electric Company; (2) the)
transfer of certain Assets, Real)
Estate, Leased Property, Easements)
and Contractual Agreements to)
Central Illinois Public Service)
Company; and (3) in connection)
therewith, certain other related)
transactions.)

Case No. EM-96-149

AFFIDAVIT OF MAUREEN A. BORKOWSKI

State of Missouri)
) SS.
City of St. Louis)

Maureen A. Borkowski, being first duly sworn on her oath, states:

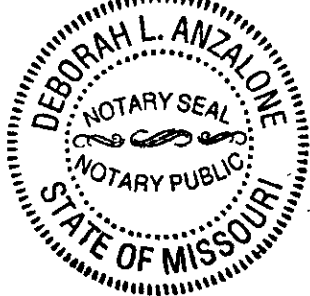
1. My name is Maureen A. Borkowski. I work in the City of St. Louis, Missouri, and I am Manager of Energy Services in the Corporate Planning Function of Union Electric Company.

2. Attached hereto and made a part hereof for all purposes is my Supplemental Direct Testimony consisting of pages 1 through 3, inclusive, all of which testimony has been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Maureen A. Borkowski
Maureen A. Borkowski

Subscribed and sworn to before me this 9th day of May 1996.



Deborah L. Anzalone
Notary Public
DEBORAH L. ANZALONE
NOTARY PUBLIC—STATE OF MISSOURI
ST. LOUIS COUNTY
MY COMMISSION EXPIRES APR. 18, 1998

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SUPPLEMENTAL DIRECT TESTIMONY
OF
MAUREEN A. BORKOWSKI
MISSOURI PUBLIC SERVICE COMMISSION
EM-96-149

Q. Please state your name and business address.

A. Maureen A. Borkowski, Union Electric Company, 1901 Chouteau, St. Louis, Missouri 63103.

Q. Are you the same Maureen A. Borkowski who previously submitted testimony in this proceeding?

A. Yes, I am.

Q. What is the purpose of your Supplemental Direct Testimony?

A. The purpose of my Supplemental Direct Testimony is to describe the revisions the Company and CIPS are proposing to the System Support Agreement (SSA) which was attached as Schedule 6 of my direct testimony.

Q. Why are UE and CIPS proposing revisions to the System Support Agreement at this time?

A. As I stated in my direct testimony, UE entered into the System Support Agreement with CIPS to provide capacity and energy related to the transferred UE Illinois service area and to recover all power pool costs currently assigned to the Illinois retail jurisdiction. In the proceedings for approval of the proposed UE and CIPS merger in the Illinois jurisdiction, the Illinois Commerce Commission Staff expressed concern as to the duration of the existing System Support Agreement

Supplemental Direct Testimony of
Maureen A. Borkowski

1 and its impact on both the transferred customers and the current CIPS
2 customers. In the interest of achieving a compromise on this issue,
3 UE and CIPS are proposing to reduce the term of the System Support
4 Agreement and make certain other related changes.

5 **Q. Please describe the proposed revisions.**

6 A. The companies are proposing to reduce the term of the agreement
7 from thirty years to ten years. During the first five years, the contract
8 capacity and energy would remain as described in Appendix 1 of the
9 SSA. Over the last five years, the contract capacity and energy would
10 be phased out linearly. (See Schedule 1.) In addition, the provisions
11 for reducing the contract capacity and energy due to loss of load and
12 due to any UE generating unit retirements would be omitted.

13 **Q. Is that the extent of the proposed revisions?**

14 A. Yes, although there might be some conforming changes necessary in
15 the language of the SSA.

16 **Q. Are these proposed revisions subject to any conditions?**

17 A. Yes. There are two conditions. One, that the Missouri Public Service
18 Commission accepts the proposed revisions and the SSA rates set by
19 the Federal Energy Regulatory Commission (FERC). Two, that the
20 Illinois Commerce Commission also accepts the proposed revisions
21 and the SSA rates set by FERC. Of course, both Commissions would
22 retain the right to participate in the FERC rate setting process. UE
23 and CIPS would seek to modify the SSA as proposed if this
24 compromise is supported by both the Missouri and Illinois Commission
25 Staffs.

26 **Q. Have you reviewed how the proposed revisions to the SSA may**
27 **impact UE's Missouri electric customers?**

Supplemental Direct Testimony of
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1 A. Yes. Our analysis indicates a savings to such customers as measured
2 by the cumulative present value of revenue requirements through the
3 year 2010 of \$30-50 million for the ten-year revised SSA versus the
4 thirty-year SSA. The results of this analysis have been shared with
5 the Missouri Public Service Commission Staff.

6 **Q. Would UE and CIPS be willing to consider a term shorter than ten**
7 **years for the SSA?**

8 A. Yes. UE and CIPS are willing to consider a shorter term for the SSA if
9 it would result in an agreement that both the Missouri Public Service
10 Commission Staff and the Illinois Commerce Commission Staff could
11 support.

12 **Q. Have UE and CIPS made any determination as to the**
13 **consequences of being unable to reach a compromise with the**
14 **Commission Staffs on the SSA?**

15 A. UE and CIPS still hope to be able to satisfy both Commission Staffs,
16 but if that is not possible, UE would not transfer its Illinois service
17 territory to CIPS.

18 **Q. Does this conclude your Supplemental Direct Testimony?**

19 A. Yes, it does.

APPENDIX 1

CONTRACT CAPACITY AND ENERGY

Contract Years 1 through 5

	<u>Contract Firm Capacity (MW)</u>	<u>Contract Interruptible Capacity (MW)</u>	<u>Contract Energy (Millions of kWh)</u>
January	400	85	300
February	400	85	300
March	350	85	300
April	350	85	280
May	350	85	280
June	450	70	320
July	500	70	320
August	500	70	320
September	450	70	320
October	350	85	280
November	350	85	280
December	400	85	300

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CONTRACT CAPACITY AND ENERGY

Contract Years 6 through 10

Year	Contract Firm Capacity					Contract Interruptible Capacity					Contract Energy				
	<u>(MW)</u>					<u>(MW)</u>					<u>(Millions of kWh)</u>				
	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
January	333	267	200	133	67	71	57	43	28	14	250	200	150	100	50
February	333	267	200	133	67	71	57	43	28	14	250	200	150	100	50
March	292	233	175	117	58	71	57	43	28	14	250	200	150	100	50
April	292	233	175	117	58	71	57	43	28	14	233	187	140	93	47
May	292	233	175	117	58	71	57	43	28	14	233	187	140	93	47
June	375	300	225	150	75	58	46	34	23	12	267	213	160	107	54
July	417	334	251	168	85	58	46	34	23	12	267	213	160	107	54
August	417	334	251	168	85	58	46	34	23	12	267	213	160	107	54
September	375	300	225	150	75	58	46	34	23	12	267	213	160	107	54
October	292	233	175	117	58	71	57	43	28	14	233	187	140	93	47
November	292	233	175	117	58	71	57	43	28	14	233	187	140	93	47
December	333	267	200	133	67	71	57	43	28	14	250	200	150	100	50